

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

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R 151830Z JUL 75

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 6313

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

S E C R E T SECTION 1 OF 2 SAO PAULO 1453

E.O. 11652: XGDS DECLAS. 12/31/95

TAGS: PGOV

SUBJECT: POLITICAL TOUR D'HORIZON WITH GOVERNOR PAULO EGYDIO

1. SUMMARY: GOVERNOR PAULO EGYDIO MARTINS PROVIDED THE CONSUL GENERAL

WITH A COMPREHENSIVE CONFIDENTIAL TOUR OF THE POLITICAL SCENE IN BRAZIL

FROM HIS VANTAGE POINT AS A CLOSE PERSONAL FRIEND OF PRESIDENT  
GEISEL AND EXECUTIVE OF THE MOST IMPORTANT STATE IN THE NATION.  
THE PRESIDENT WOULD CONTINUE ON THE PATH OF DISTENCAO DESPITE  
MANY OBSTACLES, NOTABLY THE RADICAL MILITARY OFFICERS IN ALL  
SENIOR LEVELS OF THE ARMY. THE BULK OF OFFICER CORPS SUPPORTED  
THE PRESIDENT'S OBJECTIVES AND UNDERSTOOD THAT HE HAD NO INTENTION  
OF MODIFYING OR ABOLISHING AI-5 AND OTHER ESSENTIAL  
SECURITY ELEMENTS. THE GOVERNOR PERSONALLY FAVORED GREATER  
EMPHASIS ON A SOCIAL PROGRAM BOTH FEDERALLY AND AT THE STATE  
LEVEL, AN AREA WHICH HAD BEEN LARGELY DISREGARDED BY THE PREVIOUS  
ADMINISTRATION. HE FAVORED THE RELAXATION OF CENSORSHIP  
AS A MEANS OF SURFACING THE EXTENSIVE CORRUPTION WHICH HAD  
EXISTED AND CONTINUED TO EXIST. HE DID NOT FEAR SUBVERSIVE  
ELEMENTS WHICH HAD BEEN BROUGHT UNDER COMPLETE CONTROL, BUT HE  
HAD TAKEN MEASURES TO ASSURE THAT THE STATE GOVERNMENT WAS FULLY  
EQUIPPED TO DEAL WITH ANY LARGE SCALE PUBLIC DISTURBANCE.  
THE RADICAL MILITARY COULD NOT ACCUSE HIM OF BEING NEGLIGENT  
OR SOFT. NEVERTHELESS, THE GOVERNOR FELT UNDER CONSTANT SURVEILLANCE

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BY THE RADICAL MILITARY, WHOSE EXACT LOCATION AND COMPOSITION

THE GOVERNOR SEEMED UNABLE TO IDENTIFY. FORMER PRESIDENT MEDICI HAD NOT BEEN IN TOUCH WITH THE GOVERNOR DURING THE FORMER'S RECENT VISIT TO SAO PAULO, AND HE DID NOT KNOW WHAT HE WAS UP TO. THE GOVERNOR WAS EVASIVE ABOUT FORMER MARSHAL CORDERIRO'S POLITICAL ACTIVITIES. GENERAL GOLBERI WOULD NOT REASSUME THE FULL GAMUT OF HIS FORMER RESPONSIBILITIES. END SUMMARY.

2. CONSUL GENERAL CALLED ON GOVERNOR PAULO EGYDIO TO INFORM HIM CONCERNING DEPUTY ASSISTANT SECRETARY OF COMMERCE CHARLES HOSTLER'S VISIT ABOUT THE POSSIBILITY OF A TRADE CENTER IN SAO PAULO (LEST HE LEARN OF IT FROM OTHER SOURCES) AND TO REITERATE THE AMERICAN CHAMBER OF COMMERCE'S INVITATION THAT THE GOVERNOR ADDRESS A GENERAL MEMBERSHIP LUNCHEON IN OCTOBER (THE CONSUL GENERAL IS THE HONORARY PRESIDENT). THE GOVERNOR WAS ASKED WHETHER HE WOULD SHARE SOME IMPRESSIONS OF THE CURRENT NATIONAL POLITICAL SCENE.

3. THE GOVERNOR, WHO HAS BEEN A PERSONAL FRIEND AND CONTACT OF THE CG OVER THE LAST THREE YEARS, SAID THAT THE CURRENT POLITICAL SITUATION WAS EXTREMELY COMPLEX. PRESIDENT GEISEL, A CLOSE PERSONAL FRIEND OF THE GOVERNOR'S, WAS DETERMINED TO CONTINUE THE PROCESS OF "DISTANCAO." I EXPRESSED OUR ADMIRATION FOR THE PRESIDENT'S COURAGE IN

PURSUING THE PROCESS OF DISTANCAO. THE GOVERNOR CONTINUED THAT THE PRESIDENT'S COURSE WAS A BALANCED AND MODERATE PROCESS WHICH DID NOT IN ANY EVENT MEAN THE ABOLITION OF AI-5. IT WAS ESSENTIAL THAT THAT HE MAINTAINED, AND THE GOVERNOR HAD PUBLICLY ADVOCATED ITS RETENTION.

4. THERE WERE, NEVERTHELESS, VERY SERIOUS OBSTACLES IN THE PATH OF DISTENCAO, AND THE GOVERNOR WAS CLEARLY AND EMOTIONALLY PREOCCUPIED, IF NOT WORRIED, ABOUT THESE OBSTACLES. HE REITERATED THAT THE OBSTACLES WERE SERIOUS AND THAT THEY CAME ABOUT FROM THE OPPOSITION OF THE RADICAL MILITARY. QUERIED, IN DUE COURSE, ABOUT THE NATURE OF THESE OBSTACLES AND THEIR LEADERS, GOVERNOR MARTINS SAID THAT THE OPPOSITION EXISTED AT ALL SENIOR LEVELS IN THE MILITARY. IT EXISTED AMONG THE OFFICER CORPS OF THE II ARMY, ALTHOUGH HE MAINTAINED THAT HE HAD VERY CORDIAL PERSONAL RELATIONS WITH GENERAL EDNARDO D'AVILA MELLO AND HAD EVEN JOKED WITH

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HIM ABOUT THE GOSSIP THAT FIRST THE GOVERNOR WANTED THE GENERAL REMOVED AND THAT THEN THE GENERAL WANTED THE GOVERNOR REMOVED. THERE WERE ELEMENTS IN II ARMY WHO WERE FOR A HARD LINE, BUT THE SITUATION WAS MUCH BETTER THAN IMMEDIATELY AFTER HE HAD TAKEN OFFICE. THERE WAS NO PARTICULAR CENTER OF HARD LINE OPPOSITION TO THE PRESIDENT. GENERAL FROTA WAS LOYAL TO THE PRESIDENT, AND THE SNI WAS NOT PER SE A HOT BED OF OPPOSITION, BUT THE OPPOSITION WAS RATHER IN THE HEADQUARTERS ELEMENTS THAN IN THE ACTUAL TROOP COMMANDERS. THE BULK

OF THE OFFICER CORPS WAS LOYAL TO THE PRESIDENT.

5. THE GOVERNOR WAS ASKED ABOUT PRESS REPORTS THAT PRESIDENT GEISEL WOULD MAKE A SPEECH TO THE NATION IN JULY, DEFINING HIS POLITICAL OBJECTIVES AND PROBABLY REITERATING BOTH THE GOAL OF DISTANCAO AND THE NECESSITY OF MAINTAINING AI-5. THE GOVERNOR DOUBTED THAT THE DATE HAD BEEN SET AND WONDERED WHETHER THE SPEECH WOULD BE MADE IN JULY. THERE WERE MANY FACTORS TO BE RESOLVED AND MANY OBSTACLES TO BE OVERCOME. HE ALSO DOUBTED THAT THE CONTENT OF THE SPEECH HAD BEEN DETERMINED. IN FACT, THE GOVERNOR, AS ON MANY OTHER ISSUES, APPEARED CONCERNED BUT UNSURE WHICH WAY EVENTS WOULD TURN OUT.

6. THE GOVERNOR SAID THAT HE WAS PERSONALLY CONCERNED ABOUT HIS POSITION SINCE GENERAL GOLBERT'S ILLNESS. HE HAD BECOME A LIGHTNING ROD, IN EFFECT, AND WAS THE SUBJECT OF CONSTANT OBSERVATION. HE USED MODERN SWEEP METHODS TO ENSURE THAT HIS PRIVATE OFFICE, IN WHICH WE WERE TALKING, WAS FREE FROM MICROPHONES (HE LOOKED AT THE CEILING).

BUT ONE COULD NEVER BE SURE. HE WAS SURE THAT ALL OF HIS TELEPHONE CONVERSATIONS WERE TAPPED. IN ANY CASE, HE WAS UNDER CLOSE PERSONAL SCRUTINY AT ALL TIMES BY THE RADICAL MILITARY OPPOSITION. POLITICS WAS NECESSARILY A RISK-TAKING OCCUPATION, AND HE WAS PREPARED TO TAKE THAT RISK. HE DID NOT INTEND TO MAKE MISTAKES

AND WIND UP A CROPPER. BUT THERE WAS ALWAYS THE POSSIBILITY.

7. THE GOVERNOR SAID THAT HE WAS GREATLY CONCERNED ABOUT THE SOCIAL RESPONSIBILITIES OF THE GOVERNMENT. HE CITED THE BUDGETS OF JUST TWO STATE HOSPITALS WHICH WERE RUNNING AT CR\$1 BILLION AND CR\$850 MILLION RESPECTIVELY (OR OVER CR\$200 MILLION IN TOTAL) AND SAID THAT CARE WAS INADEQUATE AND COSTS WERE RISING. HE POINTED  
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TO THE MAP OF NECESSARY NEW MEDICAL FACILITIES AND THE ACCOMPANYING CHART OF BUDGETARY OUTLAYS (WHICH I HAD EXAMINED BEFORE THE GOVERNOR CAME IN THE OFFICE) AND SAID THAT THERE WAS NO WAY IN WHICH THE STATE OF SAO PAULO COULD MEET THE MINIMUM NECESSARY COSTS OF ADEQUATE MEDICAL CARE. THE SOCIAL SECURITY SYSTEM OF THE FEDERAL GOVERNMENT (INPS) WAS VIRTUALLY INOPERATIVE IN MOST AREAS, EVEN IN GREATER SAO PAULO, AND THE FEDERALLY SUPPORTED HEALTH CENTERS SIMPLY DID NOT FILL THE BILL. THE NOVEMBER 1974 ELECTIONS REFLECTED THE PREVIOUS GOVERNMENT'S LACK OF CONCERN FOR SOCIAL ISSUES. THERE WAS NO QUESTION BUT THAT THE REAL WAGES OF WORKERS HAD BEEN SUBSTANTIALLY REDUCED SINCE 1964.

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /056 W

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8. CENSORSHIP OF THE PRESS HAD BEEN ANOTHER SERIOUS LEVEL. IT HAD LED TO AN OVEREMPHASIS ON THE PHARAONIC PUBLIC WORKS OF THE FEDERAL GOVERNMENT, WHICH HAD TOTALLY NEGLECTED THE REAL NEEDS OF THE PEOPLE. HE WELCOMED NOT ONLY THE PRESENT LEVEL OF RELAXATION OF CENSORSHIP BUT WOULD WELCOME AN EVEN FREER DISCUSSION OF PUBLIC ISSUES IN THE PRESS. IT WAS NOT POSSIBLE FOR HIM FROM HIS DESK IN THE GOVERNOR'S PALACE TO OBTAIN A CLEAR IDEA OF EVERYTHING THAT WAS GOING ON. HE NEEDED THE FREE PRESS TO CRITICIZE AND TO RAISE ISSUES, WHICH COULD THEN BE INVESTIGATED AND CORRECTED. WHILE ON THE SUBJECT, THERE HAD BEEN EXTENSIVE CORRUPTION AND ONE SHOULD NOT BELIEVE THAT IT HAD ENDED. IT WAS CONTINUING AND WAS QUITE PERVERSIVE. THE BEST WAY TO SURFACE IT AND COMBAT IT WAS THROUGH A FREER AND MORE ACTIVE PRESS WHICH WOULD BRING THESE MATTERS TO THE FORE.

9. THE GOVERNOR SAID THAT HE DID NOT FEAR SUBVERSIVE ELEMENTS. THESE HAD BEEN EFFECTIVELY ELIMINATED. BUT HE WAS NOT ADVOCATING A WEAK POLICY OF IGNORING POTENTIAL THREATS. ALTHOUGH HE GAVE PRIORITY TO THE SOCIAL NEEDS OF THE CITY AND STATE, HE HAD JUST AUTHORIZED FUNDS FOR THE STATE SECRETARY OF PUBLIC SECURITY WHICH WOULD COMPLETELY EQUIP THAT OFFICE TO TAKE WHATEVER MEASURES MIGHT BE NECESSARY IN THE EVENT OF LARGE SCALE PUBLIC DISTURBANCES. THE STATE WOULD BE PREPARED FOR ANY EVENTUALITY. THE RADICAL MILITARY COULD NOT ACCUSE HIM OF INDIFFERENCE TO PUBLIC SAFETY MEASURES.

10. GOVERNOR MARTINS SAID THAT GENERAL GOLBERI WOULD NOT BE ABLE  
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TO RETURN TO HIS FORMER POSITION. HE HAD EFFECTIVELY LOST THE SIGHT IN HIS LEFT EYE. IT WAS ABSOLUTELY IMPOSSIBLE FOR ANY MAN TO MAINTAIN HIS FORMER SCHEDULE. HE USED TO LEAVE HIS HOME AT 7:15 AM AND RETURN AT NIGHT AT 8 PM AND WORK AT HOME LONG INTO THE NIGHT. IT HAD STILL NOT BEEN DECIDED EXACTLY WHAT GOLBERI'S ROLE WOULD BE: WHETHER HE WOULD BE A MINISTER WITHOUT PORTFOLIO AND POLITICAL ADVISER

TO PRESIDENT GEISEL, OR WHETHER HE WOULD HAVE SOME INFORMAL ROLE, BUT

ONE THING WAS CERTAIN, HE WOULD NOT BE BOTH THE COORDINATOR OF THE GOVERNMENT AND THE PRESIDENT'S POLITICAL ADVISOR AND CONFIDENTE.

11. ASKED WHAT FORMER PRESIDENT MEDICI HAD BEEN DOING IN SAO PAULO AND WHETHER, AS RUMORED IN THE PRESS AND ELSEWHERE, HE WAS WORKING TOWARD THE CREATION OF A NEW POLITICAL PARTY, GOVERNOR MARTINS SAID THAT HE HAD HAD NO NOTICE OR MESSAGE BEFORE OR AFTER THE FACT CONCERNING THE FORMER PRESIDENT'S VISIT. HE WOULD, OF COURSE, HAVE BEEN

DELIGHTED TO HAVE MET WITH HIM AND OR TO HAVE ENTERTAINED HIM. THE GOVERNOR WAS QUICK TO POINT OUT THAT THE FORMER PRESIDENT HAD MET AT FORMER SAO PAULO MAYOR PAULO MALUF'S HOUSE WITH FORMER GOVERNOR LAUDO NATEL AND II ARMY COMMANDER EDNARDO D'AVILA MELLO. THIS WAS, TO BE SURE, THE PRESIDENT'S RIGHT AS A PRIVATE CITIZEN, BUT THE PURPOSE AND CONTENT OF THESE DISCUSSIONS WERE UNKNOWN TO HIM.

12. ASKED WHETHER FORMER FIELD MARSHAL CORDEIRO WAS FORMING OR INTERESTED IN FORMING A POLITICAL PARTY, THE GOVERNOR ADMITTED HE HAD HAD A LONG MEETING WITH THE FORMER FIELD MARSHAL BUT WAS EVASIVE ABOUT WHAT THE MARSHAL WAS UP TO.

13. THE GOVERNOR BEAMED WHEN HE DESCRIBED THE SUCCESS OF HIS UNIFIED SLATE IN THE ARENA MUNICIPAL ELECTIONS ON JULY 13. HE SAID IT SHOWED THAT THE OPPOSITION (FORMER MAJOR PAULO MALUF) HAD NO FOLLOWING, AND WHILE HE WAS UNDER NO ILLUSION THAT THE UNIFIED SLATE REPRESENTED A UNIFIED POINT OF VIEW, HE WAS PLEASED BY THE CLEAR DEMONSTRATION THAT

THE OPPOSITION IN THE PARTY WOULD NOT ATTEMPT A FIGHT IN THE STATE CONVENTION. HE WAS NOT GOING TO PUNISH THE DISSIDENTS OR ENTER INTO A FIGHT, BUT IF THE OPPONENTS WANTED A FIGHT, THEY WOULD KNOW WHAT WAS COMING TO THEM.

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14. THE GOVERNOR EXPRESSED A DESIRE TO KEEP IN TOUCH WITH THE CONSUL GENERAL AND SUGGESTED THAT ANOTHER MEETING BE ARRANGED AT THE END OF AUGUST TO REVIEW THE POLITICAL SITUATION, AS WE HAVE DONE FROM TIME TO TIME OVER THE PAST TWO YEARS. THE SUGGESTION

WAS ACCEPTED WITH ALACRITY.

15. COMMENT: GOVERNOR MARTINS WAS DEADLY SERIOUS THROUGH-  
OUT HIS REVIEW OF THE CURRENT POLITICAL SITUATION AND ONLY  
BRIGHTENED AT THE END WHEN HE REFERRED TO HIS LOCAL POLITICAL  
VICTORY IN THE ARENA PARTY MUNICIPAL ELECTIONS. HE WAS OBVIOUSLY  
DEEPLY CONCERNED, AND I BELIEVE ATTEMPTED TO GIVE AN ACCURATE AND  
CAREFULLY MEASURED DESCRIPTION OF THE SITUATION, WHILE REFRAINING  
FROM HASTY CONCLUSIONS AND SKIRTING THE MOST SENSITIVE AREAS.  
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